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Director of Central Intelligence

Top Secret

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National Intelligence Daily (Cable)

10 February 1979

DIA and DOS review(s) completed.

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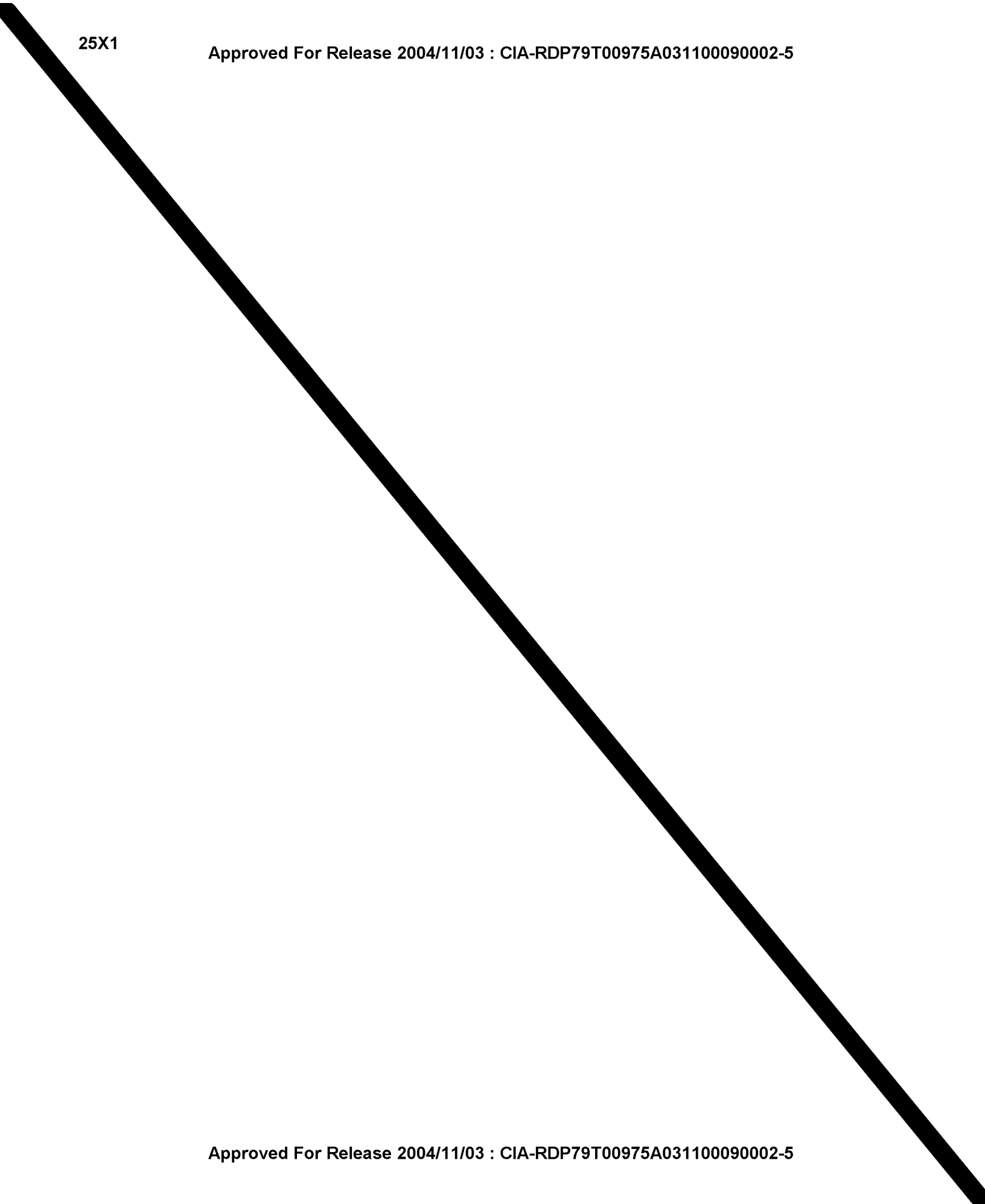

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SITUATION REPORTS

IRAN

Troops of the elite Imperial Guards Division clashed with dissident Air Force personnel at a Tehran airbase last night. Although the clashes were apparently limited and shortlived, they are a further indication of the strains in the Iranian military. [redacted] 25X1

The incident followed warnings earlier this week by the military leadership that dissidence within the military would not be tolerated. Last Thursday, uniformed Air Force personnel participated in a pro-Khomeini mass march in Tehran--US Embassy observers estimated that 200 personnel participated in the demonstration and another 1,000 paid homage to Khomeini at his headquarters in south Tehran. [redacted] 25X1

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LEBANON: Deteriorating Security Situation

The security situation in northern Lebanon has deteriorated in recent days, and the government's dispute with Christian militias in southern Lebanon also threatens to cause increased violence.

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Christian militiamen and Syrian troops in Beirut this week have been engaged in some of the heaviest fighting since a UN-sponsored cease-fire began in early October. The Christians in the north may have stepped up their activity in Beirut as a show of solidarity with their Christian allies in southern Lebanon. Lebanese Army Major Haddad, the renegade leader of the Christian-controlled southern enclaves, said on Thursday that the government's recent decision to stop paying the salaries of his troops might lead to a declaration of independence for the enclaves.

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Haddad's approximately 500 regular troops have operated independently of Beirut since the army disintegrated during the 1975-76 civil war. They remain nominally under the army's command, however, and had continued to be paid.

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The payments had increasingly embarrassed President Sarkis as Haddad defied government and UN efforts to restore Beirut's authority in the area. Haddad probably hopes his threats will cause the government to reconsider its decision; he is likely at least to step up shelling of Palestinian positions in southern Lebanon if Beirut persists.

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LEBANON: Government Finances and the Economy

The Lebanese Government is in an extremely strong financial position even though the productive capacity of the economy has been severely damaged since the outbreak of civil war in 1975. Despite the disruptions caused by the fighting, remittances from Lebanese living abroad and money flows to armed groups in Lebanon have enabled Beirut to accumulate $2.3 billion in foreign exchange reserves. If an internal agreement can ever be reached, foreign exchange reserves, idle deposits in the banking system, and foreign aid will provide a pool of funds to finance the reconstruction effort. [redacted] 25X1

The government estimates that physical damage during the 1975-76 civil war totaled $2.5 billion at original cost and $3.5 billion to $4 billion at replacement cost. Additional damage was inflicted in the sporadic fighting that erupted last year. Transportation and communications networks, housing, and commercial property have suffered extensive physical damage. Rebuilding efforts thus far have been stymied by the uncertain political
25X1 and security situation. [redacted]

Government revenues in recent years have been only a fraction of their prewar level; the government has relied on customs duties for almost all its cash. Government spending, which has primarily been limited to payments of wages to the army and the civil service, has also fallen. The public deficit has increased in recent years, but financing it has not been a problem. Deposits accumulated prior to the war and central bank advances covered the 1975-76 shortfalls. The government recently has tapped the large reservoir of bank liquidity by selling treasury bonds to Lebanese banks and has been able to obtain extremely low interest rates. [redacted] 25X1

Despite existing political conditions, the government hopes to begin rebuilding the economy this year and has drawn up a five-year reconstruction program to present to the next meeting of Arab finance ministers. The government has placed a high priority on projects in relatively peaceful areas in the hope that success there
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CHAD: Situation Remains Murky

Sudanese and French efforts to mediate the dispute between Chadian President Malloum and Prime Minister and former Muslim rebel leader Habre have been unsuccessful. The presence of French troops in Ndjamena apparently is the key factor preventing the outbreak of widespread fighting and the complete collapse of the coalition government.

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//Malloum appears determined to resist French and Sudanese pressure to delegate more authority to Habre, who has backed off from the strong-arm tactics that prompted scattered violence in Ndjamena last month. The President may well be heartened by Habre's failure to gain the support of Ndjamena's predominantly Muslim population for a general strike and French reluctance to switch their critical military backing to the Prime Minister.//

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//Malloum recognizes that acquiescence to Habre's demands would almost certainly provoke members of the military council that ruled the country until last August.

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NIGERIA: Oil Developments

Nigeria, which a year ago was suffering from a sharp drop in oil production and revenue, is likely to produce oil at record rates during the first half of this year, largely because of the cutback in Iranian oil output. Production started to rebound late last spring in response to Nigerian price discounts and the shift by Saudi Arabia toward a heavy crude export mix; it hit a four-year high in November when the government lifted production ceilings. The Iranian cutback has enabled Nigeria to maintain output at near capacity levels of about 2.4 million barrels per day since December and to market its light, low-sulfur crude at premium prices. The US and Western Europe, Nigeria's traditional customers for oil, have benefited most from the increased production. Nigeria's persistent revenue needs are likely to continue to take precedence over any temptation to use oil as a political weapon against Western countries, particularly in support of its policies toward southern Africa. [redacted]

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CZECHOSLOVAKIA: Dissident Activity

Charter 77, the Czechoslovak human rights group, has named three new spokesmen in an effort to reinvigorate the movement. The regime had largely subdued the Chartists by jailing one of the previous spokesmen and through intense surveillance of the other two. Although two of the new leaders are relatively unknown, the third--Jiri Diensbier--was a prominent broadcaster during the Dubcek period, and his professional skills should serve the movement well. The activists, however, face such formidable handicaps as the steady loss of adherents through regime harassment and emigration, differences among themselves over tactics, and public apathy. Charter 77's prospects probably depend less on its domestic activities than on success in attracting foreign publicity and support. [redacted]

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HAITI: Coup Rumors

//Rumors of a plot to overthrow President Jean-Claude Duvalier have intensified in the final week of the campaign for the election tomorrow to Haiti's rubber-stamp national legislature. Duvalier, who used his heavyhanded security forces to intimidate the sole "independent" candidate, has been deeply shaken by several incidents of arson around the National Palace and by reports that some military officers have turned against

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SPECIAL ANALYSES

USSR: Options on Chinese Border

If the Chinese were to attack Vietnam, we believe that any Soviet military response would be contingent on the extent and severity of the Chinese action and its political effects. The following discussion enumerates the measures the Soviets have available to them with the forces they now have facing China. It focuses on Soviet capabilities, and does not seek to evaluate Soviet intentions or the Soviet reading of the risks involved, including the risk of escalation. [redacted] 25X1

The Soviets have a wide range of options for the use of military force in responding to a Chinese attack on Vietnam. They range from a nuclear strike to limited conventional operations employing forces already in place. [redacted]

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ZAIRE: Mobutu's Shaba Problem

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Zaire's Shaba Region (formerly Katanga Province) still is plagued by serious economic, political, and social problems that Shabans blame on the neglect and indifference of the central government. Although President Mobutu has initiated some modest reforms, he is unlikely to take meaningful steps to resolve the basic causes of discontent. He will be fortunate to get through 1979 without some new trouble in Shaba. 25X1

The most immediate concern for Mobutu and his foreign supporters is the uncertain status of the Inter-African Force, which was organized by Zaire's allies--principally France and Morocco--after the rebel incursion into Shaba last spring. The IAF now seems likely to depart within the next few months. The 2,400-man force--almost 90 percent Moroccan and Senegalese--is tiring of its duties and has become obliged to concentrate on protecting civilians from the Zairian Army; if it does leave soon, the army will pose as great a threat to civilians as do the rebels. 25X1

//Despite continuing reports that camps of the rebel Front for the National Liberation of the Congo exist just across the border in Zambia and Angola, and occasional rumors of preparations for a new invasion, the rebels do not appear to have the organizational capability or the military strength to launch an effective, large-scale operation into Shaba as long as the IAF remains. The Angolan Government still seems to be restraining the rebels inside Angola in keeping with its rapprochement with Zaire. 25X1 25X1

Although the French, Belgians, and Moroccans are training Zairian military units, it is unlikely that Zaire's Army will be ready to replace the IAF any time

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soon. Mobutu seems unwilling or unable to make the sweeping changes necessary to make the army effective, perhaps because he fears it would become an independent political force that could threaten him. Although Mobutu and his senior commanders do not actually encourage army depredations against Shaban civilians, they appear incapable of controlling the army's behavior. [redacted] 25X1

The Shaban people regard the central government and its representatives with suspicion and hostility and believe Mobutu is intentionally ignoring their plight. Although the President in his own fashion has kept his promise to return Shaba to civilian rule at the beginning of the year, he has not shown a serious interest in a reconciliation with the estranged region. He has not appointed Shabans to important positions in the newly formed civilian administration. Shabans are also underrepresented in the central government and the military. [redacted] 25X1

The tension in Shaba is aggravated by the presence of tens of thousands of Zairian refugees--including some former dissidents--who have returned to the region in recent months in response to Mobutu's amnesty. Thanks largely to the UN High Commission for Refugees and the Red Cross, as well as the presence of the IAF, the repatriation has gone fairly smoothly. Once the IAF leaves and the Red Cross and the UN group terminate their assistance, the refugees are likely to be victimized. If Shaba should be threatened again, the newly returned refugees probably would be the first victims of harsh government measures to control the situation. Many of them would again be forced to flee the country. [redacted] 25X1

Mobutu's major outside supporters, the Belgians and French, would like to see the IAF remain in Shaba for another six months. Although they have growing doubts about the prospects for long-term stability in the region, they are reluctant to press Mobutu further to implement political and social reforms. [redacted] 25X1

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On the surface, Shaba appears calm, and some aspects of life show signs of returning to normal. An early, abrupt departure of the IAF would be a blow to Shaba's stability and could pose a setback to Zaire's overall economic recovery, but it is not likely that conditions in Shaba will be appreciably better if the force departs six months or a year from now. Given the region's long-smoldering economic, social, and political problems--Mobutu's attitude on reforms--stability in Shaba can be assured only if the IAF were to remain indefinitely.

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Mobutu may make additional, limited reforms involving Shaba, and perhaps even the military, but he will be careful to avoid the appearance of acting out of weakness or in response to Western pressure.

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International support among Mobutu's backers has eroded over the last two years, and once the IAF leaves Mobutu will have more difficulty than he has had in the past in getting outside help to deal with any new threat to Shaba. If a new Shaba crisis is prompted by internal problems, it is even less likely that outsiders could be persuaded to intervene. If white lives are not endangered during a new crisis, Mobutu probably would be left to resolve his own problems. The result could be a repeat of the pandemic violence and turmoil that characterized the country in the 1960s.

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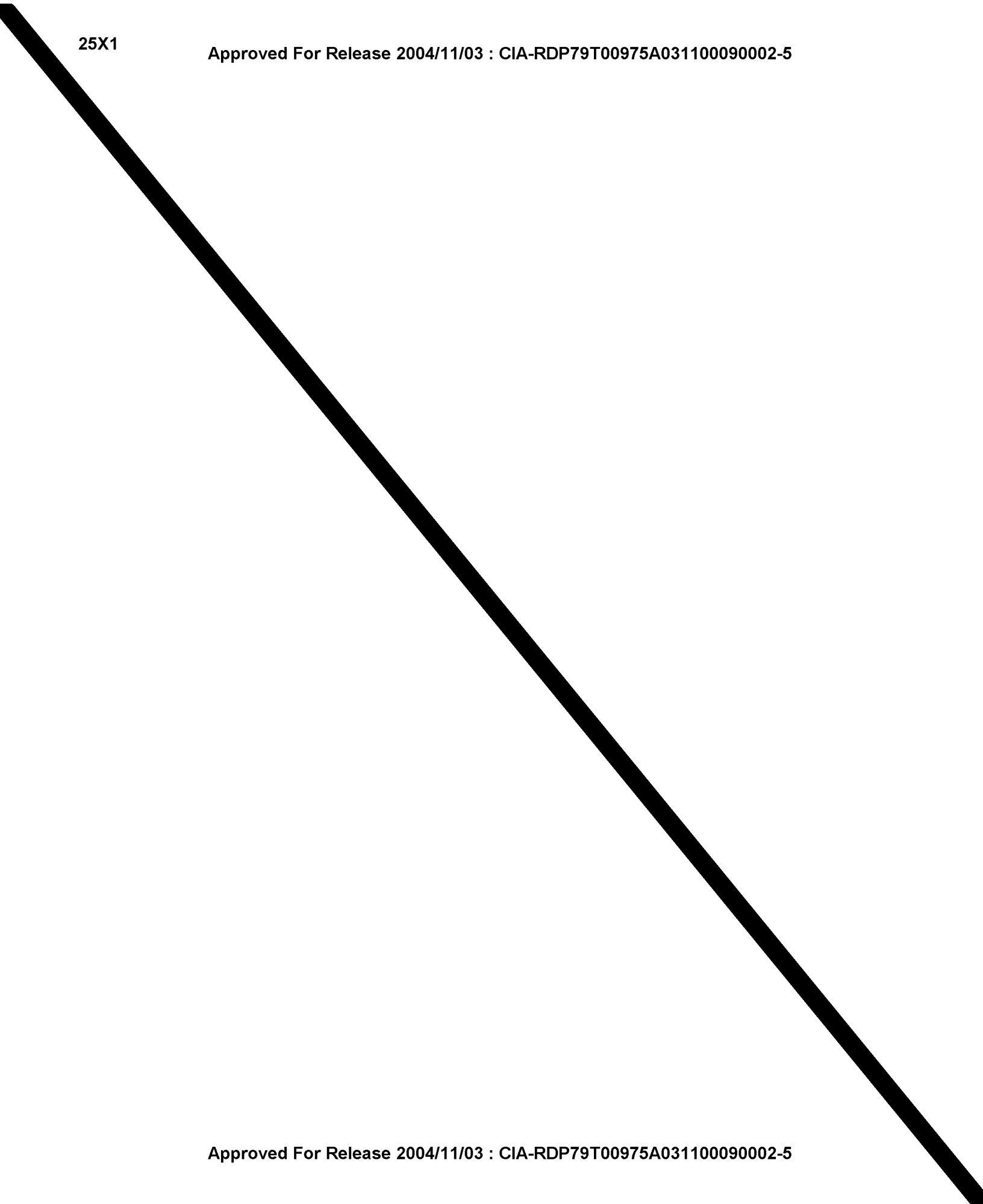

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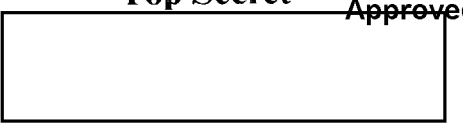

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